

106TH CONGRESS
1ST SESSION

S. 641

To amend the Truth in Lending Act to provide for enhanced information regarding credit card balance payment terms and conditions, and to provide for enhanced reporting of credit card solicitations to the Board of Governors of the Federal Reserve System and to Congress, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 17, 1999

Mr. SARBANES (for himself, Mr. DURBIN, Mr. DODD, and Mr. FEINGOLD) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend the Truth in Lending Act to provide for enhanced information regarding credit card balance payment terms and conditions, and to provide for enhanced reporting of credit card solicitations to the Board of Governors of the Federal Reserve System and to Congress, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Consumer Credit Act
5 of 1999”.

1 **SEC. 2. ENHANCED DISCLOSURES UNDER AN OPEN END**
2 **CONSUMER CREDIT PLAN.**

3 (a) REPAYMENT TERMS.—Section 127(b) of the
4 Truth in Lending Act (15 U.S.C. 1637(b)) is amended
5 by adding at the end the following:

6 “(11)(A) Repayment information that would
7 apply to the outstanding balance of the consumer
8 under the credit plan, including—

9 “(i) the required minimum monthly pay-
10 ment on that balance, represented as both a
11 dollar figure and as a percentage of that
12 balance;

13 “(ii) the number of months (rounded to
14 the nearest month) that it would take to pay
15 the entire amount of that balance, if the con-
16 sumer pays only the required minimum monthly
17 payments and if no further advances are made;

18 “(iii) the total cost to the consumer, in-
19 cluding interest and principal payments, of pay-
20 ing that balance in full, if the consumer pays
21 only the required minimum monthly payments
22 and if no further advances are made; and

23 “(iv) the monthly payment amount that
24 would be required for the consumer to eliminate
25 the outstanding balance in 36 months if no fur-
26 ther advances are made.

1 “(B)(i) Subject to clause (ii), in making the dis-
2 closures under subparagraph (A) the creditor shall
3 apply the interest rate in effect on the date on which
4 the disclosure is made until the date on which the
5 balance would be paid in full.

6 “(ii) If the interest rate in effect on the date on
7 which the disclosure is made is a temporary rate
8 that will change under a contractual provision apply-
9 ing an index or formula for subsequent interest rate
10 adjustment, the creditor shall apply the interest rate
11 in effect on the date on which the disclosure is made
12 for as long as that interest rate will apply under
13 that contractual provision, and then apply an inter-
14 est rate based on the index or formula in effect on
15 the applicable billing date.”.

16 (b) PUBLICATION OF MODEL FORMS.—Not later
17 than 180 days after the date of enactment of this Act,
18 the Board of Governors of the Federal Reserve System
19 shall publish model disclosure forms in accordance with
20 section 105 of the Truth in Lending Act for the purpose
21 of compliance with section 127(b)(11) of the Truth in
22 Lending Act, as added by this section.

1 **SEC. 3. CREDIT CARD SECURITY INTERESTS UNDER AN**
2 **OPEN END CONSUMER CREDIT PLAN.**

3 (a) IN GENERAL.—Section 127 of the Truth in Lend-
4 ing Act (15 U.S.C. 1637) is amended by adding at the
5 end the following:

6 “(h) SECURITY INTERESTS CREATED UNDER AN
7 OPEN END CONSUMER CREDIT PLAN.—During the pe-
8 riod of an open end consumer credit plan, if the creditor
9 of that plan obtains a security interest in personal prop-
10 erty purchased using that credit plan, the creditor shall
11 provide to the consumer, at the time of purchase, a written
12 statement setting forth in a clear, conspicuous, and easy
13 to read format the following information:

14 “(1) The property in which the creditor will re-
15 ceive a security interest.

16 “(2) The nature of the security interest taken.

17 “(3) The method or methods of enforcement of
18 that security interest available to the creditor in the
19 event of nonpayment of the plan balance.

20 “(4) The method in which payments made on
21 the credit plan balance will be credited against the
22 security interest taken on the property.

23 “(5) The following statement: ‘This property is
24 subject to a security agreement. You must not dis-
25 pose of the property purchased in any way, including

1 by gift, until the balance on this account is fully
 2 paid.’”.

3 (b) PUBLICATION OF MODEL FORMS.—Not later
 4 than 180 days after the date of enactment of this Act,
 5 the Board of Governors of the Federal Reserve System
 6 shall publish model disclosure forms in accordance with
 7 section 105 of the Truth in Lending Act for the purpose
 8 of compliance with section 127(h) of the Truth in Lending
 9 Act, as added by this section.

10 **SEC. 4. STATISTICS TO BE REPORTED TO BOARD OF GOV-**
 11 **ERNORS OF FEDERAL RESERVE SYSTEM AND**
 12 **TO CONGRESS.**

13 Section 127 of the Truth in Lending Act (15 U.S.C.
 14 1637) is amended by adding at the end the following:

15 “(i) REPORTS TO THE BOARD AND TO CONGRESS.—

16 “(1) REPORTS TO THE BOARD.—Any creditor
 17 making advances under an open end credit plan
 18 shall, using model forms developed and published by
 19 the Board, annually submit to the Board a report,
 20 which shall include—

21 “(A) the total number of open end credit
 22 plan solicitations made to consumers;

23 “(B) the total amount of credit (in dollars)
 24 offered to consumers;

1 “(C) a statement of the average interest
2 rates offered to all borrowers in each of the pre-
3 vious 2 years;

4 “(D) the total amount of credit granted
5 and the average interest rate granted to per-
6 sons under the age of 25; and

7 “(E) the total amount of debt written off
8 voluntarily and due to a bankruptcy discharge
9 in each of the 2 years preceding the date on
10 which the report is submitted.

11 “(2) REPORTS TO CONGRESS.—The Board shall
12 annually compile the information collected under
13 paragraph (1) and submit to the Committees on the
14 Judiciary of the House of Representatives and the
15 Senate, the Committee on Banking, Housing, and
16 Urban Affairs of the Senate, and the Committee on
17 Banking and Financial Services of the House of
18 Representatives, a report, which shall include—

19 “(A) aggregate data described subpara-
20 graphs (A) through (E) of paragraph (1) for all
21 creditors; and

22 “(B) individual data described in para-
23 graph (1)(A) for each of the top 50 creditors.”.

1 SEC. 5. CIVIL LIABILITY.

2 Section 130(a) of the Truth in Lending Act (15
 3 U.S.C. 1640(a)) is amended, in the undesignated para-
 4 graph following paragraph (4), by striking the second sen-
 5 tence and inserting the following: “In connection with the
 6 disclosures referred to in subsections (a), (b), and (h) of
 7 section 127, a creditor shall have a liability determined
 8 under paragraph (2) only for failing to comply with the
 9 requirements of section 125, 127(a), paragraph (4), (5),
 10 (6), (7), (8), (9), (10), or (11) of section 127(b), or section
 11 127(h), or for failing to comply with disclosure require-
 12 ments under State law for any term or item that the
 13 Board has determined to be substantially the same in
 14 meaning under section 111(a)(2) as any of the terms or
 15 items referred to in section 127(a), paragraph (4), (5),
 16 (6), (7), (8), (9), (10), or (11) of section 127(b), or section
 17 127(h).”.

18 SEC. 6. TREATMENT UNDER BANKRUPTCY LAW.

19 (a) EXCEPTIONS TO DISCHARGE.—Section 523(a) of
 20 title 11, United States Code, is amended by adding at the
 21 end the following:

22 “The exception under subparagraphs (A) and (C) of
 23 paragraph (2) shall not apply to any claim made by
 24 a creditor who has failed to make the disclosures re-
 25 quired under section 127(h) of the Truth in Lending
 26 Act in connection with such claim, unless a creditor

1 required to make such disclosures files with the
2 court, within 90 days of the date of order for relief,
3 a proof of claim accompanied by a copy of such dis-
4 closures that is signed and dated by the debtor.”.

5 (b) REAFFIRMATION.—Section 524(c) of title 11,
6 United States Code, is amended—

7 (1) in paragraph (5), by striking “and” at the
8 end;

9 (2) in paragraph (6), by striking the period at
10 the end and inserting “; and”; and

11 (3) by adding at the end the following:

12 “(7) in a case concerning a creditor obligated to
13 make the disclosures required under section 127(h)
14 of the Truth in Lending Act, the agreement contains
15 a copy of such disclosures that is signed and dated
16 by the debtor.”.

○